
HOUSE BILL No. 1288

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-30; IC 6-2.5; IC 16-41-41.

Synopsis: Sales tax on lottery tickets. Imposes the state gross retail tax on the sale of lottery tickets. Establishes the lottery sales tax fund to: (1) pay the expenses of the stroke prevention task force; and (2) provide scholarships to Indiana residents attending state educational institutions. Requires state gross retail taxes collected on the sale of lottery tickets to be deposited in the fund. Repeals the expiration date of the stroke prevention task force and the sales tax exemption for lottery tickets.

Effective: July 1, 2009.

Herrell

January 13, 2009, read first time and referred to Committee on Interstate and International Cooperation.

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First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1288

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-30-18-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. Except as provided
3 in **IC 6-2.5-4-17** or IC 6-3-2, state and local taxes, regardless of their
4 type, may not be imposed upon any prize paid or payable under this
5 article or upon the sale of any lottery ticket under this article.

6 SECTION 2. IC 4-30-20 IS ADDED TO THE INDIANA CODE AS
7 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
8 1, 2009]:

9 **Chapter 20. Lottery Sales Tax Fund**

10 **Sec. 1. The lottery sales tax fund is established.**

11 **Sec. 2. The fund consists of the following:**

12 (1) The state gross retail taxes deposited in the fund under
13 **IC 6-2.5-10-1(b)(1)**.

14 (2) Appropriations from the general assembly.

15 (3) Gifts and grants to the fund.

16 (4) Investment income earned on the fund's assets.

17 **Sec. 3. The treasurer of state shall invest the money in the fund**

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not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

Sec. 4. The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for purposes of this chapter.

Sec. 5. Money in the fund is continuously appropriated for the purposes of this chapter.

Sec. 6. Money in the fund must be used as follows:

(1) The first five hundred thousand dollars (\$500,000) deposited in the fund in a state fiscal year must be transferred to the state general fund to be used by the state department of health for the purpose described in section 9 of this chapter.

(2) The remaining amounts deposited in the fund in a state fiscal year must be used to provide scholarships to Indiana residents attending a state educational institution (as defined in IC 21-7-13-32).

Sec. 7. (a) The state student assistance commission shall develop and administer a scholarship program using money in the fund in accordance with the commission's duties and powers set forth in IC 21-11.

(b) A scholarship awarded under a program developed under this section may not exceed in value the sum of the average amounts charged by Ivy Tech Community College to students enrolled for the academic year in which the scholarship is awarded for the following:

(1) Tuition.

(2) Books.

(3) Mandatory fees.

Sec. 8. A scholarship awarded with money from the fund is a higher education award for purposes of IC 21-11.

Sec. 9. The state department of health shall use money transferred to the state general fund under section 6(1) of this chapter to pay the expenses of the stroke prevention task force established by IC 16-41-41-2.

SECTION 3. IC 6-2.5-4-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 17.** A person is a retail merchant making a retail transaction when the person sells a lottery ticket under IC 4-30.

SECTION 4. IC 6-2.5-6-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 1.5. (a)** A retail merchant shall report the following information to the department:

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(1) The amount of the retail merchant's gross retail income that is attributable to the sale of lottery tickets under IC 4-30.

(2) The amount of the retail merchant's state gross retail and use tax liability that is attributable to the sale of lottery tickets under IC 4-30.

(b) The department shall prescribe a form to be used in collecting information under this section from retail merchants that sell lottery tickets under IC 4-30. A form prescribed under this subsection may be a modified version of an existing form.

SECTION 5. IC 6-2.5-9-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4. (a) Except as provided in IC 6-2.5-7 or IC 6-2.5-10-6, a person who:

(1) displays an advertised price, marked price, or publicly stated price that includes the state gross retail or use taxes;

(2) offers to assume or absorb part of a customer's state gross retail or use tax on a sale; or

(3) offers to refund part of a customer's state gross retail or use tax as a part of a sale;

commits a Class B infraction.

(b) A retail merchant who:

(1) uses a metered pump to dispense gasoline or special fuel;

(2) is required to display on the pump the total price per unit of the gasoline or special fuel under IC 6-2.5-7-2; and

(3) advertises the gasoline or special fuel at a price other than that required by IC 6-2.5-7-2;

commits a Class B infraction.

SECTION 6. IC 6-2.5-10-1, AS AMENDED BY P.L.146-2008, SECTION 317, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) The department shall account for all state gross retail and use taxes that it collects.

(b) The department shall deposit those collections in the following manner:

(1) All state gross retail taxes collected from the sale of lottery tickets under IC 4-30 shall be paid into the lottery sales tax fund established under IC 4-30-20.

(2) The remaining state gross retail and use taxes collected by the department shall be deposited in the following manner:

~~(1)~~ **(A)** Ninety-nine and one hundred seventy-eight thousandths percent (99.178%) of the collections shall be paid into the state general fund.

~~(2)~~ **(B)** Sixty-seven hundredths of one percent (0.67%) of the collections shall be paid into the public mass transportation

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fund established by IC 8-23-3-8.

~~(3)~~ (C) Twenty-nine thousandths of one percent (0.029%) of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.

~~(4)~~ (D) One hundred twenty-three thousandths of one percent (0.123%) of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.

SECTION 7. IC 6-2.5-10-6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 6. A person who sells lottery tickets under IC 4-30 may display an advertised price, marked price, or publicly stated price that includes the state gross retail tax on the sale of a lottery ticket.**

SECTION 8. IC 16-41-41-10, AS AMENDED BY P.L.59-2008, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 10. The expenses of the task force shall be paid from:

(1) money transferred from the lottery sales tax fund to the state general fund under IC 4-30-20-6(1);

~~(1)~~ **(2) other** funds appropriated to the task force by the general assembly; and

~~(2)~~ **(3)** grant money awarded to the task force.

SECTION 9. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2009]: IC 6-2.5-5-34; IC 16-41-41-11.

SECTION 10. [EFFECTIVE JULY 1, 2009] **(a) IC 6-2.5-4-17, as added by this act, applies to the sale of a lottery ticket occurring after June 30, 2009.**

(b) This SECTION expires January 1, 2010.

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